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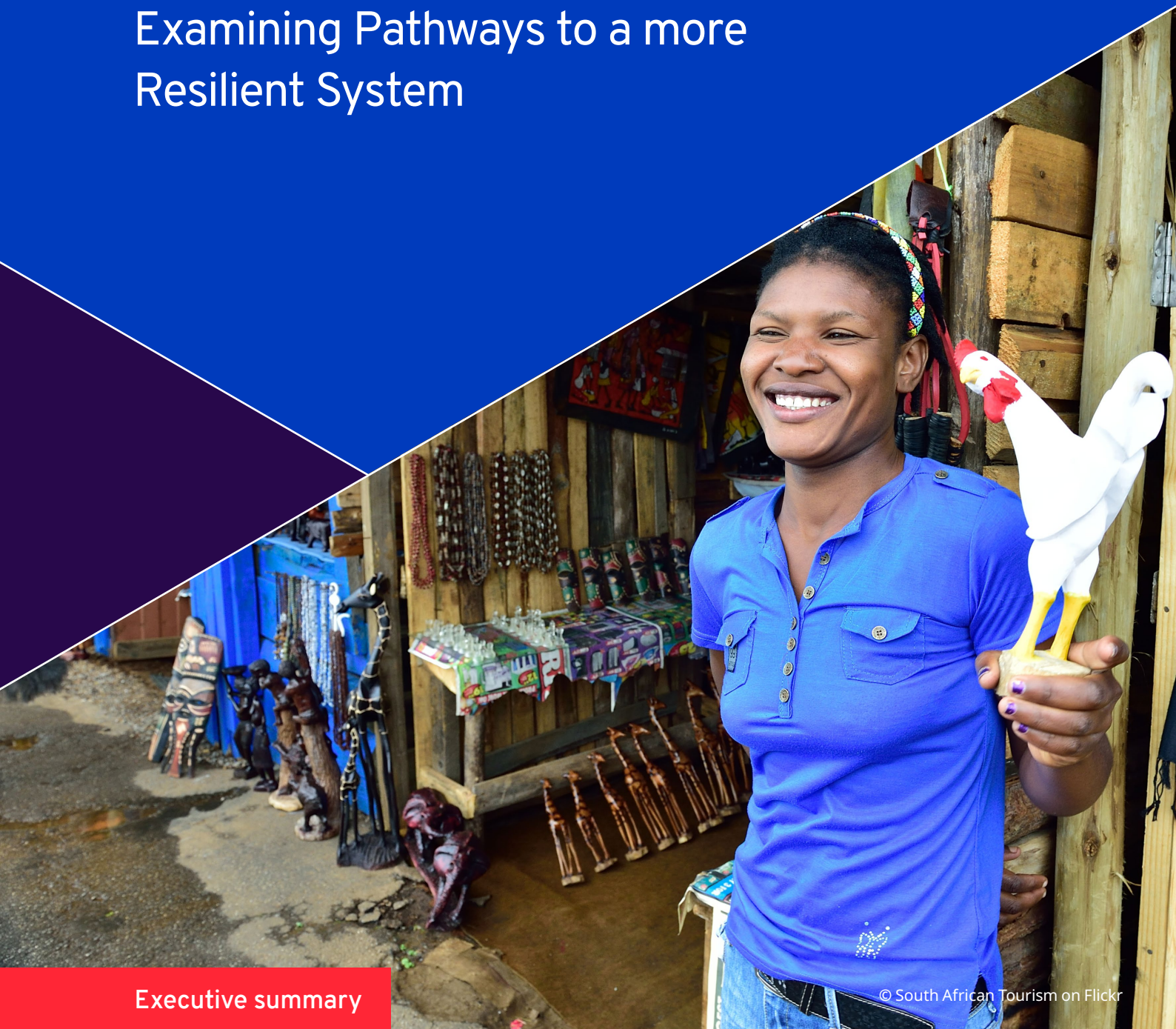
DEUTSCHE ZUSAMMENARBEIT

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Deutsche Gesellschaft
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► Challenges and Opportunities for Small Tourism Businesses in South Africa

Examining Pathways to a more Resilient System





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Acknowledgements

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▶ Section 1: Introduction

Travel and tourism suffered an unprecedented blow across the globe as a result of the Covid-19 pandemic. In the months following the various international travel restrictions introduced in March 2020, nearly all global travel came to a virtual standstill. The year 2020 saw a global decline of international tourist arrivals of 75-80% compared to the pre-pandemic year 2019. South Africa was no exception and witnessed an abrupt halt of travel and tourism activity due to extended lock-down measures.

After the re-opening of the country in October 2020, tourism in South Africa experienced a modest recovery until multiple other crises hit the country. From civil unrest to climate shocks and inflation, the broad range of hazards have posed significant challenges for the South African economy. Thousands of small businesses have

run into business continuity problems, cash-flow issues due to cancelled reservations and deferred payments, short-time work and job losses, and temporary or permanent business closures.

In light of these changing dynamics and challenges, this study aims to shed light on the resilience of tourism small businesses and the system in which they are embedded. This is achieved by identifying and analyzing both the barriers and drivers of resilience, upon which potential intervention strategies can then be developed to address and strengthen them. Doing so will strengthen the capacity of small businesses as well as actors within the broader market system to not only recover but also to evolve in the face of ever changing hazards.

Q About the Project

This study was conducted within the project Resilient and Sustainable Enterprises in Tourism (RESET), which is implemented by the ILO in cooperation with Deutsche Gesellschaft für Internationale Zusammenarbeit (GIZ) GmbH on behalf of the Federal Ministry for Economic Cooperation and Development (BMZ). The project aims to enhance the resilience of small enterprises in the tourism sector through a three-pronged approach. This entails a combination of the following:

1. Training and coaching services to build resilience capacities and systems at enterprise level with an emphasis on risk sharing solutions,
2. Recognition schemes to promote small enterprises that have installed business resilience capacities and systems successfully, and
3. Public-private dialogues to identify and advocate for business resilience policy priorities, which harness a resilient business eco-system.

The primary target of the analysis and recommendations are therefore small businesses and the local providers of support services. Since the majority of firms in South Africa's tourism sector fall under the categorization of micro or small, references are made primarily to the term "small business" to capture the firms of these two size categories.

▶ Section 2: Overview of the South African tourism sector

In recent decades, South Africa has positioned itself as a top tourism destination. Visitor's from across the globe are drawn to its natural and cultural heritage, including wildlife tourism in national parks and sightseeing of natural attractions, as well as its diversity of cultures, people, customs, and cuisines. In the years prior to the Covid-19 travel restrictions (2016-2019), South Africa officially attracted some 10.0-10.5 million international tourists and another 4.5-5.0 million same-day visitors per annum (UNWTO 2022).¹ However, in 2020 these arrival numbers collapsed to 2.8 million tourists and 1.1 million day visitors respectively for a decline of nearly 75% compared to pre-pandemic levels.

It is also important to note that these figures, both pre- and post-COVID are subject to skepticism. Indeed, the significant figures report are likely overstated due to irregular migration flows mischaracterized as tourism. This owes largely to the fact that 74% of all international tourist arrivals originate from Africa (UNWTO 2022), with almost half arriving from just three countries: Zimbabwe, Lesotho, and Mozambique, which are among the economically poorest nations in southern Africa. While official data sources maintain these visitors are tourists, many are also suspected to be economic migrants in search of employment.

Even before the onset of Covid-19, levels of inbound tourism in South Africa stayed relatively stagnant despite the growing levels internationally. This owes in part to visa issues and the need

for unabridged birth certificates for accompanying children, which has stifled international tourism to South Africa for years, especially from China.

Domestic tourism in South Africa is boosted by the large size of the socio-economic middle class that is keen to travel. After experiencing a drop in domestic tourists and visitors between 2016 and 2018, figures increased significantly in 2019 before dropping again due to the pandemic (UNWTO 2022). The negative trend in domestic tourism levels, excluding 2019, is likely due to worsening economic crises combined with Eskom load-shedding, civil unrest, and climate shocks. In addition to these factors, the middle class is also experiencing an important drop in purchasing power, reflected in part by the growing unemployment rate which in 2021 reached 33.6% (World Bank, 2022).

Overall, tourism plays an important role in the South African economy. In 2019, the sector contributed 3.7% to national GDP (Stats Sa 2021). The World Travel & Tourism Council (WTTC) estimates that the South African travel and tourism sector's GDP will drive the national economic recovery consistently over the next decade. The forecast from WTTC's Economic Impact Report (2022) shows that the sector is expected to grow at an average rate of 7.6% annually over the next decade, significantly outperforming the 1.8% growth rate of the country's overall economy. With this growth, job creation and contribution to GDP are also expected to increase.

▶ Key Entry Points

▶ The primary gateways to South Africa are the international airports of Johannesburg, Cape Town, and to a lesser extent Durban.

▶ Most regional tourists and visitors arrive at one of the 54 land border posts, largely from Zimbabwe, Mozambique, Lesotho, and Eswatini. Only a small number of tourists arrive at one of the country's sea ports.

¹ According to the UNWTO definition, same-day visitors are not considered to be tourists, as this requires at least one overnight stay in a location different from the regular place of residence. Hence, same-day visitors are called excursionists who travel without overnight accommodation.

▶ Section 3: The tourism value chain in South Africa

3.1 Small businesses' role in the core functions

Mapping a value chain with a geographic scope as large as a country like South Africa creates challenges for reaching the level of depth typically found in value chain analyses. The market system of a country-wide destination is simply too complex and diverse to derive highly-specific insights into the system's opportunities and constraints. The description of the following tourism products is therefore generic in nature but remains focused on small businesses in the tourism sector, which despite their diversity face common hazards to their resilience.

Small businesses play a significant role across the overall tourism value chain. When it comes to accommodation, they play a key role in providing popular options such as bed & breakfasts, guesthouses, self-catering holiday apartments and home rentals, backpacker lodges, and camping places. These businesses also serve as the primary providers of tourism road transport as well as tourism activity organizers, craft producers, and souvenir shops. While many small businesses have an important presence among restaurants, food and beverage outlets, and tour operators and agencies, these subsectors involve larger proportions of medium and large sized enterprises.

3.2 Support functions of the value chain

Just as the tourism value chain contains a myriad of different players providing diverse goods and services, the market system also includes wide range of actors filling support functions. These include those undertaking the **promotion of tourism** in South Africa to ultimately attract more tourists and customers to businesses across the value chain. Such services are provided by public actors at the national, regional, and local level. South African Tourism (SAT), part of the National Department of Tourism (NDT), has offices around

the world to market the country as a prime destination on the African continent with successful campaigns carried out on global TV stations (CNN, BBC World News, Al Jazeera, etc.).

Each of the nine South African provincial governments have also established a tourism authority to manage and promote tourism in their jurisdictions. Among their activities, they have developed websites to promote their respective tourism destinations and facilitate the participation of a selection of small tourism businesses in marketing events. Locally, most urban or district municipalities in South Africa also have a local tourism office, serving as a marketing platform for local tourism small businesses as well as an information base for walk-in visitors looking for accommodation, restaurants and/or tours and activities available at the destination. However, many of these are still distributing information in analogue format, with only few having fully embraced the benefits of digital media.

There are also many sources of **business information** available to small tourism businesses in South Africa. Besides the tourism and hospitality sub-sector associations, there are public sources, such as NDT and Statistics South Africa (Stats SA), as well as private non-profit organizations including regional chambers of commerce and industry. Additionally, a number of commercial services publish relevant information for the tourism industry. These include the accounting firms BDO and Grant Thornton, which until 2019 collaborated with the Tourism Business Council of South Africa (TBCSA) to produce the Tourism Business Index. This was designed to help individual businesses and policy makers understand the current tourism-operating environment and plan for the likely future tourism industry environment.

Small businesses also benefit from various **training providers** that cover both tourism-specific and generic business skill and knowledge development, although the limited number of such actors poses a challenge for enhancing the productivity and resilience of small businesses. These

actors are also unevenly distributed between the different tourist destinations, with economically advantaged provinces benefiting from a more extensive network of public and private support service providers.

Among the public and private entities offering such services is the Small Enterprise Development Agency (SEDA), which supports entrepreneurship development, business management, coaching, cooperative development, supplier development, and export development. For general business management support, the Institute of Business Advisors Southern Africa (IBASA), a non-profit company responsible for the grading, accreditation and continuous professional development of business advisors, business coaches, and mentors serving small and medium-sized enterprises (SMEs). Similarly, the National Mentorship Movement (NMM) connects volunteer mentors with mentees seeking to develop their small businesses. Among the small number of tourism-specific services is the Airbnb Entrepreneurship Academy, which offers a skills development programme for women and youth in township and rural communities who are interested in tourism.

In the research for this assessment, no providers offering SME resilience-specific trainings could be identified. However, in 2020 and 2021, the ILO piloted the Sustainable and Resilient Enterprise (SURE) programme in a number of countries including South Africa. The specialized training programme supports small businesses who seek to strengthen their resilience in the face of complex and compound natural, bio-environmental, techno-industrial, and socio-political hazards. It is currently being implemented in South Africa in an adapted form to specifically target tourism sector SMEs.

Coordinating organizations can also execute a variety of functions in support of their member organizations and the broader sector. Besides multi-sectoral business membership organizations like area-based chambers of commerce and industry, various sub-sector associations, called business membership organizations (BMOs), have developed in the tourism and hospitality sector. These provide business services to their members, including information on business opportunities and regulatory constraints, joint product and destination marketing, management

and entrepreneurship training, access to finance, group schemes for insurance and procurement discounts, and cost-sharing initiatives. Examples of such organizations catering to small businesses include the SEEZA Growth Network, Southern Africa Tourism Services Association, and the Small Tourism Enterprise Association (STEA). The TBCSA has also emerged as the umbrella organization for businesses in the tourism sector.

Unfortunately, findings of this assessment suggest that few tourism associations have succeeded in establishing a comprehensive business support system for their members. In fact, none of the sector-specific BMOs have in-house training facilities available or employ business counsellors to assist their members.

The current financial landscape in South Africa presents a number of potential **financing options** for small tourism businesses. From the public sector, a number of funds and schemes are available, including the NDT Tourism Equity Fund, the Tourism Transformation Fund, the National Empowerment Fund, and the SME Relief Scheme (following the COVID-19 pandemic). Specific public actors offering financial products and services aimed at small businesses include the Small Enterprise Finance Agency (SEFA) and the National Youth Development Agency.

Within the private sector, Business Partners offers business finance for SMEs (excluding micro-enterprises), as well as a number of FinTech that have emerged to help small businesses to bridge the funding gap. These include Fundrr, Lulalend, Merchant Capital South Africa, and Uprise.Africa (IBS Intelligence, 2022). Many commercial banks also offer options of collateral-based financing. Constraints to better access to finance include a hesitancy to take on credit within the current uncertain business environment, as well as inadequate levels of awareness of available products and financial education.

There are a few specialist insurance schemes providing tailor-made **insurance** cover to the tourism and hospitality industry. For instance, the South African Tourism Insurance Broker (SATIB) is a specialized broker for the tourism and hospitality sector that works with a variety of insurance providers including Santam and Old Mutual. Additional providers that serve small businesses

include Budget Insurance, First for Women, Widesure Insurance Brokers, and MiWay.

Due to the integral nature of travel within the tourism sector, **infrastructure** is a critical factor. After the FIFA World Cup in 2010, road infrastructure and international airways are of high quality. However, the former is also variable according to the region, with some areas suffering from poor road maintenance that creates unsafe travel conditions for tourist vehicles and passengers. A number of factors have led to this, including poor governance at provincial or district level, shortage of maintenance budgets, and corruption. These factors also diminish the condition of water supply and sewage treatment plants in the country.

3.3 Rules and regulations in the tourism sector

Tourism policy development in South Africa is handled by the NDT. The Department of Small Business Development (DSBD) coordinates an integrated approach to development entrepreneurship, SMEs, and cooperatives. It is also the body charged with overseeing the SEDA and the SEFA.

Overall, the business regulatory environment in South Africa is extremely onerous and cumbersome for small businesses, discouraging business start-ups and investment. Similarly, regulations related to the National Qualifications Framework and the Sector Education and Training Authorities are overly complex, making it difficult for employers to comply and for trainees to fully take advantage of their provisions. Another challenge for small business owners comes from zoning restrictions and regulations. For instance, in many cities and municipalities residential zones do not allow for hospitality enterprises such as restaurants, pubs and cafes to be. This prevents the start-up of small

entertainment enterprises and tourism services in many areas.

In 2013, the South African government introduced the Broad-based Black Economic Empowerment (B-BBEE) Act, which aimed to promote the entry of previously disadvantaged entrepreneurs into the mainstream of economic activity. Nevertheless, the tourism industry largely remains white owned, even with the increased meaningful participation of black persons in management positions. Critics argue that the B-BBEE regulations have introduced another thick layer of red tape into the regulatory environment of enterprises, which unnecessarily increases the costs of doing business in the South African tourism sector.

For the standardization and regularization of the tourism industry, the Tourism Grading Council of South Africa (TGCSA) was founded to implement the hospitality grading scheme. The process includes TGCSA-approved assessors verifying on request of the owner the quality of facilities of mainly accommodation establishments. It has since been incorporated into SA Tourism and is therefore part of the Government's regulatory regime for the tourism sector, although participation is voluntary. Audit fees cover the costs of the assessment while most tourism enterprises use the star-award for marketing and pricing.

Finally, it is also necessary to note that a large part of the sector's work force is employed on an informal basis, especially the waiters and waitresses employed in small restaurants, bars and cafes. They often work as casual employees (students, part-time) without a written work contract, with near minimum wage and no social security contributions such as medical aid or unemployment insurance. A large part of the hospitality industry functions on this basis, making it vulnerable to sudden changes in their business environment because of the lack of secure long-term working relationship between employer and employee.

▶ Section 4: Key constraints to building resilience among small tourism businesses

Even with the optimistic forecast of South Africa's tourism sector indicated in Section 2, there is a multitude of hazards threatening the recovery of the sector and the strengthening of its resilience. The figure on the following page outlines a generic tourism value chain and identifies the key risks and hazards that affect individual actors or the value chain more broadly.

While each risk type affects each level of the tourism value chain, certain levels or actors may be more heavily affected. For instance, for actors directly present in destination areas and highly reliant on in-person interactions with clients and partners, environmental and health hazards may be disproportionately threatening. Such hazards could include climate shocks, pollution, and illnesses. Actors that are highly dependent on tourism and/or domestic markets may be more vulnerable to economic hazards, such as public utility cuts and failures, while more internationally oriented ones, such as Online Travel Agents and Inbound Tour Operators, may be more at risk to political and civil unrest shocks that affect South Africa's image and feasibility as an international destination. This would include crime, instability, or travel restrictions.

For the majority of tourism enterprises in South Africa, a recovery to pre-COVID-19 business levels appears to be more important than building resilience against future hazards, which could explain the widespread lack of interest in the topic of resilience noted in the research for this assessment. Indeed, many tourism enterprise owners seem more inclined to restore their old business models rather than using the opportunity to build back better.

4.1 Priority constraints for developing resilience-building interventions

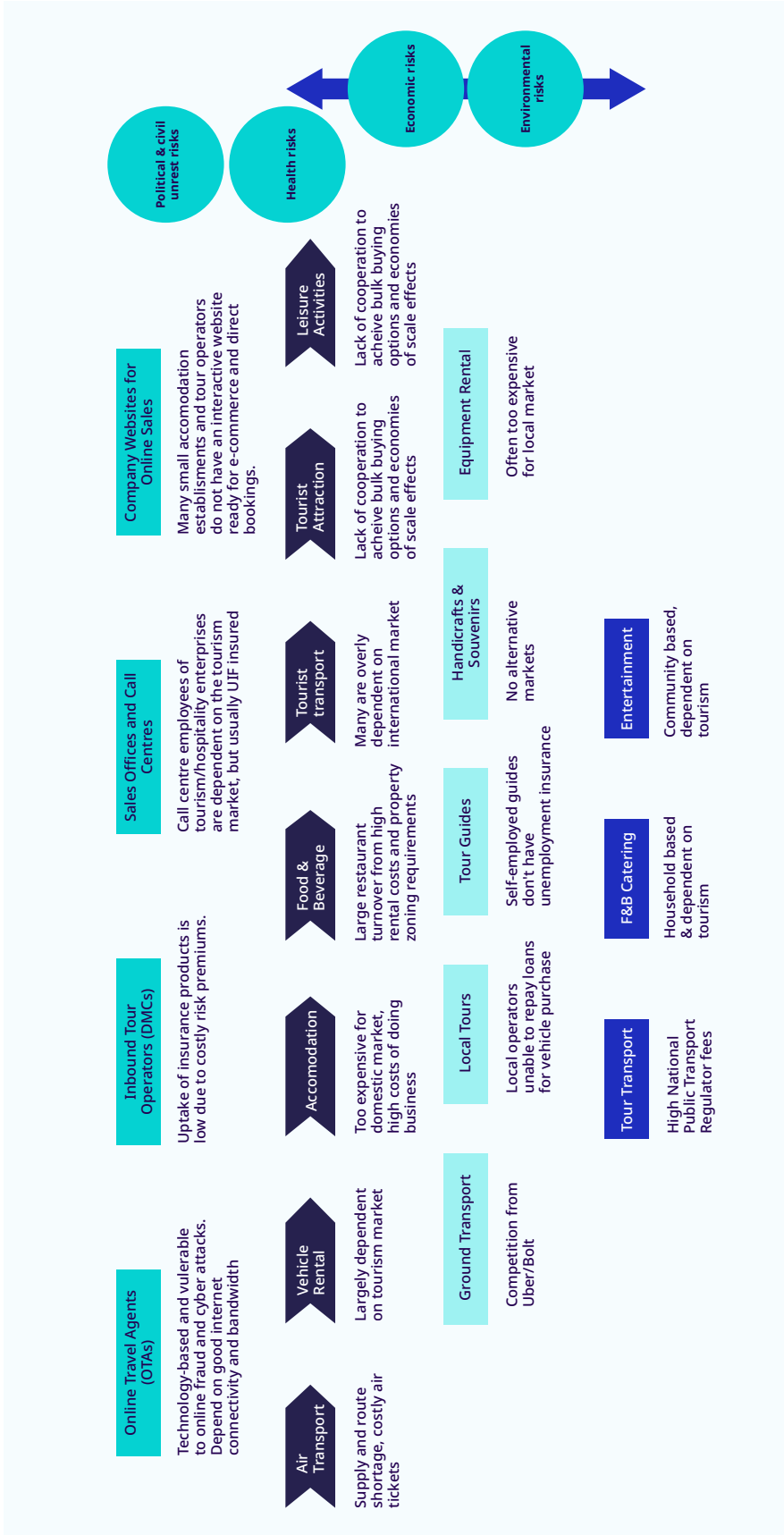
Lack of Diversification

Many tourism and hospitality small businesses are highly dependent on the international tourism market. Recently, this has been exacerbated due to a strong rebound fueled by "revenge tourism" and domestic tourism hampered by economic recession in South Africa. This has led small tourism businesses to fall back on this vulnerable model of dependence on international travelers. As seen during the pandemic, when the international tourism market is in a long-lasting slump, many tourism and hospitality small businesses are forced to go out of business, temporarily or permanently.

This stems from the fact that many small business owners in the tourism and hospitality sector have based their businesses on the forecasts predicting a long-lasting boom in (international) tourism demand. To address this, small business owners and managers need to innovate and diversify their products and services, markets, and suppliers to avoid over dependence on existing sources of supply and demand. This could lead to any of the following changes in their business:

- ▶ Market diversification, including switching or at least gradually shifting from international markets to domestic and/or regional customers.
- ▶ Supply diversification, gradually shifting food and beverage procurement to domestic or even local/regional sources.
- ▶ Horizontal diversification, adding new products and/or services outside the tourism and hospitality sector.

► Constraints related to small business resilience in the tourism value chain



- ▶ Vertical diversification, expanding into forward and/or backward services along the value chain.

Such diversification requires modifications of the business model, which can be achieved through entrepreneurship/business training or coaching. Interventions could therefore facilitate linkages between such business training/coaching organizations, including IBASA or NMM, and tourism-sector specific organizations (e.g., SATSA, FEDHASA, Small Tourism Enterprise Association (STEA), or the SEEZA network). By doing so, tourism organizations could promote the coaching services, or provide a forum for interested business owners to pursue such services. The training/coaching organizations would therefore benefit from an expanded network and client-base. Interventions could also provide additional capacity building training for the training/coaching actors to more effectively deliver their support, particularly with regards to diversification and resilience in the tourism sector.

Diversification also entails expanding small businesses' base of partners. Interventions could therefore aim to help broker new deals between tourism small businesses and local regional sources of additional products or inputs. This could include development and support of sectoral or business membership organizations, as well as linkages with local chambers of commerce.

Insufficient use of Market Information

Small businesses often lack know-how of market segmentation and the use of market intelligence for alternative product development, costing, and pricing. As a result, many fail to adjust their business model to the changed circumstances presented by unexpected challenges. Although SA Tourism collects market information it is often too academic and abstract to be digested easily by small business owners, who lack the business skills to translate the information into actionable business changes. Additionally, government support agencies are highly inefficient and bureaucratic and there are no private sector suppliers of tourism market information and guidance. Many small businesses are also hesitant to disclose business and financial data due to their competitive

situation and/or tax reasons, further exacerbating the low quality and use of market information.

Multiple approaches could be taken to address these challenges. Greater understanding of the value and benefits of improved use of market intelligence would likely be another indirect effect of improved linkages between training/coaching services and tourism small businesses, as detailed above in the diversification constraint. An intervention could also leverage SA Tourism's existing work and help to improve their in-house research capacities. This could be combined with interventions designed to enhance the use of market intelligence, by involving edutainment or digital marketing firms to support disseminating the data in accessible forms upon collection.

Interventions could also contract a private research firm to design and implement regular data collection among tourism value chain operators and market actors to operationalize the envisaged National Tourism Information and Monitoring System. This could be done in the form of assistance in developing business models for private sector institutions capable of supplying market information. Alternatively, or in parallel, support could be provided to revive the former Tourism Barometer survey conducted on behalf of the TBCSA.

Inadequate Business Continuity Planning (BCP) and Risk Management

Tourism small businesses are often unprepared for business interruptions, hence putting the entire value chain at risk. This often means that during times of crisis (lock-downs, disasters) many tourism small businesses go (temporarily) out of business because they are unable to maintain key operations. This owes in part to the lack of existing service providers capable of delivering trainings and assistance relating to BCP and resilience of small businesses.

Therefore, this challenge could be addressed through an intervention designed to develop the business plan and offerings of service providers, to include business resilience trainings (which encompasses BCP and risk management). Additionally, an intervention could also work with TGCSA and other tourism sector organizations to

develop and include risk management and resilience criteria the TGCSA quality assurance scheme.

Insufficient Access to Finance

During crises caused by a business lock-down or other hazard, many tourism small businesses suffer a twofold financial squeeze: shortage of working capital and savings that can carry them through the crisis, and a lack of investment capital to upgrade the physical facilities to make them more future-proof. Both factors significantly threaten the small businesses' ability to survive.

This difficulty in accessing adequate finance to carry the businesses through ongoing and future hazards can be attributed to a variety of factors. Chief among these include collateral requirements made by commercial banks for working and investment capital loans, which tourism small businesses often do not have. Additionally, government credit programmes often fall short in their volume, number of beneficiaries, and are commonly too selective and inefficient.

A variety of measures can therefore be taken to address these challenges. Enhancing business management skills, as described for other constraints solutions above, would help small businesses to adapt their business models and prepare the development of business plans and loan applications. An intervention could also leverage the use of additional lending schemes that de-risk access to credit. For instance, tourism small business networks could be linked with banks and actors that participate in asset-based lending and/or raise awareness of these opportunities among their members. Banks offering such services, such as Lamna Financial, could benefit from an increased client reach by partnering or collaborating with tourism business organizations to raise awareness of their offerings.

Finally, an intervention could facilitate a policy dialogue between tourism stakeholders under the leadership of the TBCSA and commercial banks and government agencies to make credit more easily accessible to all small businesses that need it.

Poor Insurance Coverage

Many small businesses incurred substantial losses during the lock-down or other crises, stopped operating, with some even having their business assets repossessed by lenders. This is because many tourism small businesses don't have business continuity insurance protecting them against business interruptions (defined as localized events). Many tourism small businesses are cash-strapped and therefore cannot afford taking out expensive insurance solutions.

To address this constraint, interventions could raise awareness on both sides: among small businesses on the benefits of its use (e.g., mitigation of risk, shock absorption, credibility), and among insurance providers on the economic potential of small businesses in the tourism sector. This could be achieved through partnerships between tourism business associations and insurance brokers, or the latter's involvement in business trainings. For instance, IBASA is already in strategic partnerships with a variety of market actors, including financial providers and tax and accountant professionals. A similar model could be applied to also include insurance providers. Interventions could also facilitate negotiations between the two groups (tourism associations and insurance brokers) to pilot a group insurance scheme that offers lower premiums for members. Eventually, further negotiations could be undergone for better insurance premiums for small businesses that have taken business resilience training and developed a corresponding strategy.

Under-Digitization of Services

Many tourism small businesses don't have an adequate digital business presence. This often means that many small businesses are not visible to the tourist as the end consumer. It is often the case that a business website, if one exists, cannot be found by customers, offers no online bookings options, and/or makes minimal use of social media for marketing. The lack of digitalization within the sector also means that essential business processes are still manual and analogue and there is a risk of loss of essential business data due to cyber-security risks. This situation stems largely from the fact that many businesses lack the required

technical skills, combined with a gap in digitization services provided.

For this constraint, an intervention could help to enhance the capacity of BDS providers to improve their provision of trainings on SME digitalization. This would follow a mapping of the training needs and current level of service provision to identify gaps that need to be addressed in the market system. Awareness for the benefits and need to digitalize elements of small tourism businesses could be raised by facilitating partnerships between tourism associations and bodies already offering digital-relevant trainings, as well as by developing their capacities to offer them at a wider scale. Examples include the Tourism Technology Grassroots Innovation Incubator Programme and the SEEZA Network's Tourism SME Digital Transformation Programme.

Infrastructure Disruptions

Across the country, electricity and water shortages hamper small tourism and hospitality businesses. Small businesses lack the financial resources to fund costly technical solutions for water and solar energy solutions and are therefore overly reliant on public providers which are prone to disruptions and cuts.

An intervention could aim to promote risk-sharing initiatives, including shared access to electricity generators, water tanks, or disaster-risk management equipment, as well as early warning systems. Prime forums for this could include sub-national local tourism associations or through cooperation with local chambers of commerce to create tourism/hospitality-specific sections, where common interests among the small businesses could be identified and pursued. This could be coupled with awareness campaigns to reduce electricity and water consumption and avenues for energy self-sufficiency, led by tourism associations.

Travel and Hospitality Services overpriced for Domestic Tourists

South Africa's tourism and hospitality services, particularly holiday accommodation in hotels and guesthouses, are in most cases unaffordable for domestic tourists. This translates to only small numbers of domestic tourists using hotel accommodations for leisure trips and local holidays outside of the main summer school holidays. Prices are the main barrier, as they are often made with the international market in mind (opportunistic pricing) and lack of price competitiveness. This is then further exacerbated by the high costs of doing business in South Africa as a result of the multitude of factors described above, including crime and civil unrest, utility failures, or regulatory burden.

In addition to addressing the infrastructure disruptions, promoting the reduction of fuel, electricity, water, food supplies, etc. among small businesses could also help lower operating costs and thereby the prices of goods and services. These adaptations to the business models could be included in the earlier-mentioned business management trainings. An intervention could also facilitate linkages between tourism associations and local chambers of commerce, to forge collaboration between actors from different value chains to promote the local sourcing of various inputs. Awareness campaigns within the associations could also promote concepts such as alternative means of transport, kitchen gardens, DIY solutions, and behavioural change among businesses towards sustainable business practices. Finally, tourism SMEs could further attract domestic travellers by using a second market place for unsold bednights or experiences at discounted rates (such as Secret Getaway).

Excessive Business Regulations

The high costs of compliance with excessive regulations negatively affect the competitiveness of tourism small businesses. The regulatory burden of doing business in South Africa, both in terms of bureaucratic red tape and costs, often strongly hinder the growth of small businesses, for example through the onerous labour laws and regulations. Similarly, the B-BBEE regulatory system requires further advocacy for reform and revision to help tourism enterprises better access government tenders and selected support services.

An intervention could therefore encourage multi-stakeholder dialogues to identify onerous regulations affecting small businesses, stimulating a critical review of all legislation aiming at the reducing the costs of doing business in South Africa. This could be done by linking think-tanks such as the Free Market Foundation, the Law Review Project and the Small Business Project, with the tourism BMOs under the leadership of the TBCSA to become involved in policy dialogues with the government.

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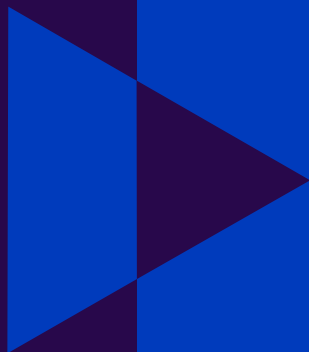
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